2. Results and performance

▲ **PRefChem petrochemical complex, Johor, Malaysia**

Strategic global growth

Aramco intends to enhance both its domestic and global Downstream businesses in key high-growth geographies.

In 2022, Aramco's Malaysia-based investment in refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem, restarted operations and is ramping up gradually with a continued focus on safety and sustainability.

Aramco's investment in PRefChem provides an expansion opportunity in an important high-growth market and offers new geographies for placing its crude oil production.

aramco

Exceptional performance

Financial highlights

Net income
(billion)

SAR 604
$161
2021: $110

EBIT*
(billion)

SAR 1,149
$307
2021: $208

Free cash flow*
(billion)

SAR 557
$149
2021: $107

Net cash provided by operating activities
(billion)

SAR 698
$186
2021: $139

Capital expenditures
(billion)

SAR 141
$38
2021: $32

Dividends paid
(billion)

SAR 281
$75
2021: $75

Dividends paid per share

SAR 1.31
$0.35
2021: $0.37

ROACE*
(%)

31.6
2021: 24.4

Gearing*
(%)

(7.9)
2021: 12.0[1]

Earnings per share
(basic and diluted)

SAR 2.72
$0.72
2021: $0.48[2]

Average realized crude oil price
($/barrel)

100.2
2021: 70.5

▲ **'Ain Dar gas-oil separation plant-1, Saudi Arabia**

1. Gearing ratio has been amended to reflect Aramco's revised gearing definition.
2. Earnings per share have been adjusted to reflect the effect of the bonus shares issuance.

* Non-IFRS measures: refer to "Non-IFRS measures reconciliations and definitions" for further details.

Operational highlights

MSC
(mmbpd)

12.0

2021: 12.0

Total hydrocarbon production
(mmboed)

13.6

2021: 12.3

Total liquids production[3]
(mmbpd)

11.5

2021: 10.4

Net refining capacity
(mmbpd)

4.1

2021: 4.0

Net chemicals production capacity[4]
(million tons per year)

56.3

2021: 54.2

Reliability[5]
(%)

99.9

2021: 99.9

Upstream carbon intensity[6]
(kg of CO_2e/boe)

10.3

2021: 10.7

Flaring intensity[6]
(scf/boe)

4.60

2021: 5.51

Total recordable case frequency[6]
(per 200,000 work hours)

0.050

2021: 0.054

3. Total liquids is comprised of crude oil, NGL and condensate.
4. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.
5. Applies to Saudi Arabian Oil Company (the Company).
6. Refer to Section 3: Sustainability for further information.

Capturing growth opportunities and generating long-term value

"Aramco's unprecedented financial results for 2022 reinforce our ability to generate consistent value for our shareholders across price cycles, while also providing energy supply stability to our customers."

Dear Shareholders,

In 2022, Aramco delivered exceptional financial results with unrivaled profitability despite continued economic uncertainty in the global economy.

The year itself was divided into two distinct parts for the energy market. In the first half, we saw upward pressure on energy prices driven by low crude and refined product inventories, as well as geopolitical events. In the second half of 2022, market conditions softened as global inflationary concerns impacted growth in crude oil demand.

Throughout 2022, we continued our long-standing emphasis on maintaining a robust balance sheet, cash generating ability, prudent cash and debt management, as well as delivering exceptional shareholder returns. For the year ended December 31, 2022, Aramco posted record net income as a public company of SAR 604.0 billion ($161.1 billion) and free cash flow of SAR 557.0 billion ($148.5 billion). We generated strong capital returns with ROACE of 31.6%, and continued to strengthen our balance sheet as reflected by our gearing ratio improving to (7.9)% compared to 12.0% at the end of 2021.

Following these results, the Board of Directors declared a fourth quarter cash dividend of SAR 73.2 billion ($19.5 billion), representing a 4.0% increase compared to the previous quarter, as aligned with our dividend policy aiming to deliver a sustainable and progressive dividend. Additionally, the Board has recommended capitalizing SAR 15.0 billion ($4.0 billion) of retained earnings to support the distribution of bonus shares to eligible shareholders in the amount of one share for every 10 shares held.

Supporting our growth ambitions

Aramco's financial framework is designed to support our growth ambitions by providing significant flexibility to navigate through crude oil price cycles, while also creating long-term value for our shareholders.

This framework continues to be supported by three main pillars, the first of which is the prudent optimization of Aramco's capital structure in order to maintain a high investment-grade credit rating with sufficient capacity. During the year we strategically directed cash flow towards deleveraging our balance sheet, making partial prepayments totaling SAR 66.8 billion ($17.8 billion) of the deferred consideration related to the SABIC acquisition, thereby reducing the principal amounts of the associated promissory notes. This resulted in savings of approximately SAR 8.3 billion ($2.2 billion).

The second pillar of our financial framework centers on continuing to diversify our funding sources and optimize funding costs to provide maximum optionality and execution flexibility. In 2022, this included signing a five-year agreement for SAR 37.5 billion ($10.0 billion) to replace certain unsecured revolving credit facilities.

The third and final pillar is maintaining our capital discipline and financial prudence through crude oil price cycles. We believe oil and gas will remain a key part of the energy mix over the longer term in order to satisfy the world's need for affordable, reliable and stable energy. Accordingly, our capital expenditures in 2022 increased by 18.0% to SAR 141.2 billion ($37.6 billion) as we continued to make long-term investments across the hydrocarbon chain to further our growth ambitions.

These investments included expanding our downstream European presence with the closing of three landmark transactions with Polish refiner and fuel retailer PKN ORLEN. Aramco also signed an equity purchase agreement to acquire Valvoline Inc.'s global products business for SAR 9.9 billion ($2.65 billion) in the third quarter of 2022. This strategic acquisition, which closed in March 2023, is expected to complement Aramco's line of premium-branded lubricant products and enhance our global base oils production capabilities.

Investing in the energy transition

At the same time, we are investing in key energy transition-related solutions, including the development of cleaner fuel technologies, lower-carbon hydrogen, renewables, and carbon capture, utilization, and storage.

These future-focused investments are already making progress. Aramco, through our SASREF and SABIC Agri-Nutrients subsidiaries, was granted the world's first independent certification for production of blue ammonia and hydrogen in the third quarter of 2022, as well as collaborating on the world's first commercial shipment of lower-carbon blue ammonia in the fourth quarter of 2022.

The SAR 5.6 billion ($1.5 billion) Sustainability Fund that we announced in 2022 is another example of our desire to invest in innovation. The Fund is being managed by Aramco Ventures, our venture capital arm, and will focus on making investments in innovative technologies that support our 2050 net-zero ambition.

With petrochemicals positioned to provide essential inputs for the energy transition, we are also investing to grow our net chemicals production capacity and announcing expansion projects in the Kingdom and in Asia. Since the acquisition of SABIC, Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimization, stream integration, operations, and maintenance. Aramco estimates that it has generated incremental EBITDA synergies of approximately SAR 8.1 billion ($2.15 billion) and is targeting the capture of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to 4.0 billion) in annual recurring EBITDA synergies by 2025.

Expanding our capital market presence

In the fourth quarter of 2022, two companies that Aramco holds interests in completed initial public offerings with listings on the Saudi Exchange.

The IPO of the Power and Water Utility Company for Jubail and Yanbu, known as Marafiq, resulted in Aramco's effective equity ownership being reduced from 42.2% to 29.8%. Aramco received SAR 1.7 billion ($0.44 billion) from the sale of this portion of our stake in Marafiq. Our majority-owned base oil subsidiary, Luberef, also completed its IPO; however, no proceeds from this public offering were received as we retained our entire 70% stake.

Both IPOs reinforce our efforts to increase Aramco's participation and presence in capital markets, expand our shareholder base, and provide existing and new investors with additional avenues to capture value that Aramco and its subsidiaries generate.

Focusing on value creation

Aramco's unprecedented financial results for 2022 reinforce our ability to generate consistent value for our shareholders across price cycles, while providing energy supply stability to our customers.

Our aim is to continue to deliver a sustainable and progressive dividend while focusing on long-term value creation. Going forward, continued agility, resilience, and fiscal discipline will remain the cornerstones of our financial approach as we continue to lay the foundation for Aramco to be a leading energy player as the world moves towards a lower-carbon future.

Ziad T. Al Murshed
Executive Vice President & Chief Financial Officer

Strong global energy demand

The financial information of Aramco set forth below, as at December 31, 2022 and 2021, and for the years then ended, has been derived without material adjustment from, and is qualified in its entirety by, the financial statements contained in Section 7: Consolidated financial statements. It should be read in conjunction with the financial statements, Section 4: Risk, and other financial data included elsewhere in this Annual Report.

Key factors affecting Aramco's financial results

The following is a discussion of the most significant factors that have impacted Aramco's financial position, results of operations, and cash flows for the year ended December 31, 2022.

Supply, demand, and prices for hydrocarbons, and refined and chemicals products

Aramco's results of operations and cash flows are primarily driven by market prices and volumes sold of hydrocarbons, as well as refined and chemicals products. Global demand for petroleum products in 2022 increased as compared to 2021, resulting in higher prices for hydrocarbons, and improved margins for refined products.

In the Kingdom, the Government regulates the oil and gas industry and establishes the Kingdom's maximum level of hydrocarbon production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum hydrocarbon production levels at any time based on its strategic energy security goals or for any other reason. Therefore, Aramco's results of operations and cash flows may depend in part on these sovereign decisions with respect to production levels.

Portfolio and funding optimization

The Company completed a SAR 58.1 billion ($15.5 billion) energy infrastructure transaction in February 2022. The transaction involved the sale of a 49% equity interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC), to a consortium of investors led by BlackRock Real Assets and Hassana Investment Company. As part of the transaction, AGPC leased usage rights in Aramco's gas pipelines network and leased them back to Aramco for a 20-year period. In return, AGPC will receive a tariff payable by Aramco for specified gas products that flow through the pipelines network. Under the terms of the transaction, Aramco will continue to retain full legal ownership and operational control of its gas pipelines network and the transaction does not impose any restrictions on Aramco's gas production volumes. The transaction resulted in an increase in cash and cash equivalents and non-controlling interests.

With respect to the deferred consideration related to the SABIC acquisition, in January 2022 Aramco made a partial prepayment of SAR 28.6 billion ($7.6 billion), which reduced the principal amounts of two promissory notes by a total of SAR 30.0 billion ($8.0 billion). In addition, in June 2022 Aramco made a partial prepayment of SAR 38.2 billion ($10.2 billion), which reduced the principal amounts of two promissory notes by a total of SAR 45.0 billion ($12.0 billion). Further, Aramco paid an installment of SAR 33.8 billion ($9.0 billion) due on April 7, 2022. These resulted in a decrease in total borrowings and cash and cash equivalents and a net gain of SAR 3.1 billion ($0.82 billion) during the year.

In April 2022, the Company entered into a new five-year agreement for unsecured revolving credit facilities amounting to SAR 37.5 billion ($10.0 billion), to replace facilities that expired during the year. The new facilities are an aggregation of a USD denominated facilities of SAR 30.0 billion ($8.0 billion) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7.5 billion ($2.0 billion). The Company has the option of up to two extensions, each for one year, and any advanced amounts will be used for general corporate and working capital purposes. As at December 31, 2022, no amounts have been drawn against these facilities.

Bonus share distribution and Government share transfer

On May 12, 2022, at the Company's Extraordinary General Assembly, the Board of Directors' recommendation was approved to capitalize SAR 15.0 billion ($4.0 billion) of the Company's retained earnings to support the distribution of bonus shares to shareholders, in the amount of one share for every 10 shares held. This resulted in an increase in Aramco's issued ordinary shares from 200 billion to 220 billion and a corresponding increase in share capital of SAR 15.0 billion ($4.0 billion).

In February 2022, the Government transferred eight billion ordinary shares, or 4% of the Company's share capital, to the PIF, the sovereign wealth fund of the Kingdom. Following the transfer, the Government remains the Company's largest shareholder, retaining a 94.19% direct shareholding. This private transfer did not affect the Company's total number of issued shares and does not have any impact on the Company's operations, strategy, dividend distribution policy, or governance framework.

Summarized consolidated statement of income

All amounts in millions unless otherwise stated	SAR Year ended December 31 2022	SAR Year ended December 31 2021	USD* Year ended December 31 2022	USD* Year ended December 31 2021	% change
Revenue and other income related to sales	**2,266,373**	1,501,758	**604,366**	400,468	**50.9%**
Operating costs	**(1,122,296)**	(729,840)	**(299,279)**	(194,624)	**53.8%**
Operating income	**1,144,077**	771,918	**305,087**	205,844	**48.2%**
Income before income taxes and zakat	**1,152,962**	769,521	**307,456**	205,206	**49.8%**
Income taxes and zakat	**(548,957)**	(357,125)	**(146,388)**	(95,234)	**53.7%**
Net income	**604,005**	412,396	**161,068**	109,972	**46.5%**
Average realized crude oil price ($/bbl)			**100.2**	70.5	**42.1%**
ROACE**	**31.6%**	24.4%	**31.6%**	24.4%	**7.2 pp**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

**Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial results

Aramco's strong earnings and cash flows in 2022 reflect strong global energy demand, coupled with Aramco's unique operational flexibility and low cost base.

Revenue and other income related to sales for the year ended December 31, 2022, were SAR 2,266,373 ($604,366), compared to SAR 1,501,758 ($400,468), for the year ended December 31, 2021. The increase of 50.9% was primarily driven by higher crude oil, refined and chemical products prices and stronger volumes sold.

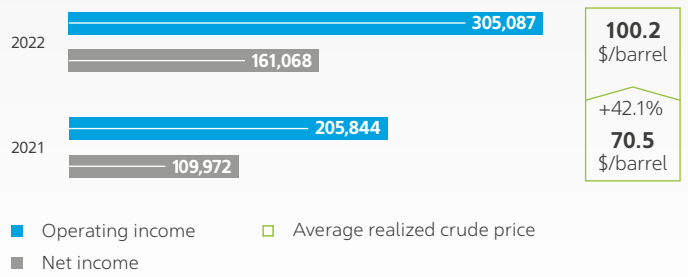
Operating costs increased by SAR 392,456 ($104,655), or 53.8%, from SAR 729,840 ($194,624) to SAR 1,122,296 ($299,279), for the years ended December 31, 2021 and 2022, respectively. This was mainly due to an increase in production royalties largely attributable to higher average effective royalty rate, resulting from stronger crude oil prices, and higher sales volumes. Operating costs also rose due to increased purchases of crude oil, refined, and chemical products driven by higher prices and volumes.

Income before income taxes and zakat increased by SAR 383,441 ($102,250), or 49.8%, which predominantly reflects the impact of higher crude oil prices and volumes sold, and stronger refining margins. This was partially offset by higher production royalties and an increase in total purchases.

Income taxes and zakat for the year ended December 31, 2022, was SAR 548,957 ($146,388), compared to SAR 357,125 ($95,234) in 2021. The increase was primarily driven by higher taxable income recorded in 2022.

Income vs. average realized crude price

($ million)



Summarized consolidated balance sheet

All amounts in millions unless otherwise stated	SAR As at December 31 2022	SAR As at December 31 2021	USD* As at December 31 2022	USD* As at December 31 2021	% change
Total assets	**2,492,924**	2,162,690	**664,780**	576,718	**15.3%**
Total liabilities	**826,777**	882,022	**220,474**	235,206	**(6.3)%**
Significant balance sheet movements:					
Short-term investments	**281,215**	27,073	**74,991**	7,219	**938.7%**
Property, plant and equipment	**1,303,266**	1,244,316	**347,538**	331,818	**4.7%**
Inventories	**100,528**	74,703	**26,808**	19,921	**34.6%**
Trade receivables	**164,442**	140,373	**43,851**	37,433	**17.1%**
Cash and cash equivalents	**226,047**	299,579	**60,279**	79,888	**(24.5)%**
Non-controlling interests	**217,231**	167,411	**57,928**	44,643	**29.8%**
Borrowings (non-current and current)	**393,144**	510,921	**104,838**	136,246	**(23.1)%**
Deferred income tax liabilities	**122,311**	74,850	**32,616**	19,960	**63.4%**
Trade and other payables	**135,390**	124,689	**36,104**	33,251	**8.6%**
Income taxes and zakat payable	**104,978**	90,525	**27,995**	24,140	**16.0%**
Gearing**	**(7.9)%**	12.0%	**(7.9)%**	12.0%	**(19.9) pp**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

**Comparative ratios have been amended to reflect Aramco's revised gearing definition. Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial position

Total assets were SAR 2,492,924 ($664,780) as at December 31, 2022, compared to SAR 2,162,690 ($576,718), as at December 31, 2021. The movement was largely due to an increase in short-term investments, property, plant and equipment, inventories, and trade receivables. This was partially offset by a decrease in cash and cash equivalents balance.

The increase in short-term investments reflects greater allocation of funds from cash and cash equivalents to USD and SAR denominated term deposits with a maturity of more than 90 days.

The increase in property, plant and equipment reflects higher upstream capital expenditures in relation to drilling and development activities related to increasing crude oil MSC and gas projects.

The higher inventories balance is primarily due to an increase in crude and refined products inventories compared to the prior year, which is predominantly associated with higher product prices at year end.

The increase in trade receivables is mainly attributable to higher revenue associated with the impact of stronger sales prices and volumes at year-end.

The lower cash and cash equivalents balance is mainly due to an increased allocation to short-term investments, higher cash paid for settlement of income, zakat and other taxes, and net repayment of borrowings. This was partially offset by higher earnings during the year.

Total liabilities were SAR 826,777 ($220,474) at December 31, 2022, compared to SAR 882,022 ($235,206), as at December 31, 2021. The decrease principally reflects the impact of reduction in borrowings during the current year, partially offset by higher deferred income tax liabilities, trade and other payables, and income taxes and zakat payable.

The reduction in borrowings was mainly driven by the payment of the deferred consideration related to the SABIC acquisition.

The increase in deferred income tax liabilities is mainly driven by changes in taxable temporary differences associated with property, plant and equipment, provisions, and post-employment benefit obligations.

Trade and other payables increased primarily as a result of higher purchases reflecting the impact of an increase in product prices. Income taxes and zakat payable increased due to the impact of higher taxable income in 2022.

Non-controlling interests was SAR 217,231 ($57,928) at December 31, 2022, compared to SAR 167,411 ($44,643), at December 31, 2021. The increase was largely driven by the sale of equity interest in AGPC associated with Aramco's gas pipeline transaction.

Summarized consolidated statement of cash flows

All amounts in millions unless otherwise stated	SAR Year ended December 31 2022	SAR Year ended December 31 2021	USD* Year ended December 31 2022	USD* Year ended December 31 2021	% change
Net cash provided by operating activities	**698,152**	522,601	**186,174**	139,360	**33.6%**
Net cash used in investing activities	**(389,009)**	(135,741)	**(103,736)**	(36,197)	**186.6%**
Net cash used in financing activities	**(382,675)**	(294,513)	**(102,047)**	(78,537)	**29.9%**
Cash and cash equivalents at end of the year	**226,047**	299,579	**60,279**	79,888	**(24.5)%**
Capital expenditures	**(141,161)**	(119,645)	**(37,643)**	(31,905)	**18.0%**
Free cash flow**	**556,991**	402,956	**148,531**	107,455	**38.2%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

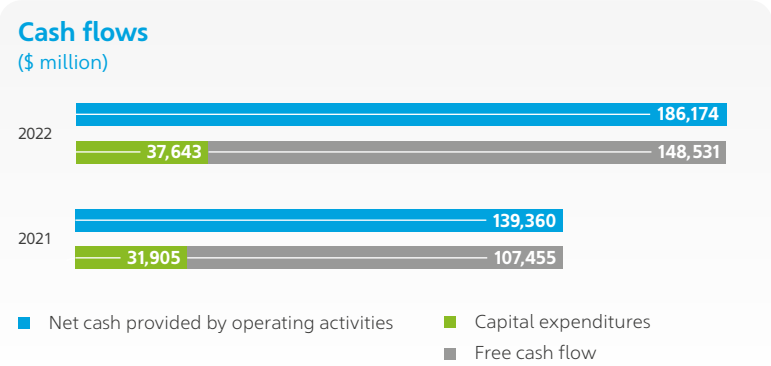
** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Cash flows

Net cash provided by operating activities was SAR 698,152 ($186,174) for the year ended December 31, 2022, compared to SAR 522,601 ($139,360) reported in 2021. The increase of SAR 175,551 ($46,814) mainly reflects higher earnings resulting from stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by an increase in cash paid for the settlement of income, zakat and other taxes.

Net cash used in investing activities was SAR 389,009 ($103,736) for the year ended December 31, 2022, compared to SAR 135,741 ($36,197) in 2021, an outflow of SAR 253,268 ($67,539). This was primarily due to an increase in short-term investments and higher upstream capital expenditures during the year.

Net cash used in financing activities was SAR 382,675 ($102,047) in 2022, compared with SAR 294,513 ($78,537) in 2021. The increase in financing-related cash outflows of SAR 88,162 ($23,510) primarily reflects higher repayment of borrowings largely attributable to the payment of deferred consideration related to the SABIC acquisition and the reduction in cash proceeds from borrowings. This was partially offset by cash received in connection with Aramco's gas pipeline transaction.



Non-IFRS measures reconciliations and definitions

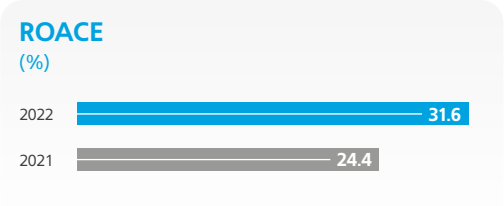
This Annual Report includes certain non-IFRS financial measures (ROACE, free cash flow, gearing and EBIT) that Aramco uses to make informed decisions about its financial position, operating performance or liquidity. These non-IFRS financial measures have been included in this Report to facilitate a better understanding of Aramco's historical trends of operation and financial position.

Aramco uses non-IFRS financial measures as supplementary information to its IFRS-based operating performance and financial position. The non-IFRS financial measures are not defined by, or presented in accordance with, IFRS. The non-IFRS financial measures are not measurements of Aramco's operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS. The non-IFRS financial measures relate to the reporting periods described in this Annual Report and are not intended to be predictive of future results. In addition, other companies, including those in Aramco's industry, may calculate similarly titled non-IFRS financial measures differently from Aramco. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Aramco's presentation of such non-IFRS financial measures may not be comparable to other similarly titled non-IFRS financial measures used by other companies. As such, these measures should be read and interpreted in conjunction with the financial statements and other financial data included elsewhere in this Report.

Return on average capital employed (ROACE)

ROACE measures the efficiency of Aramco's utilization of capital. Aramco defines ROACE as net income before finance costs, net of income taxes and zakat, as a percentage of average capital employed, calculated on a 12-month rolling basis. Average capital employed is the average of total borrowings plus total equity at the beginning and end of the applicable period. Aramco utilizes ROACE to evaluate management's performance and demonstrate to its shareholders that capital has been used effectively.

ROACE for the year ended December 31, 2022, was 31.6%, compared to 24.4% in 2021. This increase was mainly attributable to higher earnings, primarily reflecting stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by higher average capital employed during the year due to an increase in total equity associated with higher earnings.



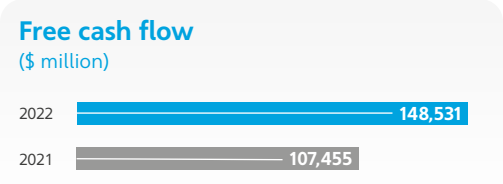
	SAR		USD*	
	Twelve months ended December 31		Twelve months ended December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Net income	**604,005**	412,396	**161,068**	109,972
Finance costs, net of income taxes and zakat	**4,441**	6,029	**1,185**	1,608
Net income before finance costs, net of income taxes and zakat	**608,446**	418,425	**162,253**	111,580
As at period start:				
Non-current borrowings	**436,371**	436,920	**116,366**	116,512
Current borrowings	**74,550**	99,157	**19,880**	26,442
Total equity	**1,280,668**	1,101,094	**341,512**	293,625
Capital employed	**1,791,589**	1,637,171	**477,758**	436,579
As at period end:				
Non-current borrowings	**318,380**	436,371	**84,901**	116,366
Current borrowings	**74,764**	74,550	**19,937**	19,880
Total equity	**1,666,147**	1,280,668	**444,306**	341,512
Capital employed	**2,059,291**	1,791,589	**549,144**	477,758
Average capital employed	**1,925,440**	1,714,380	**513,451**	457,169
ROACE	**31.6%**	24.4%	**31.6%**	24.4%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Free cash flow

Aramco uses free cash flow to evaluate its cash available for financing activities, including dividend payments. Aramco defines free cash flow as net cash provided by operating activities less capital expenditures.

Free cash flow in 2022 was SAR 556,991 ($148,531), compared to SAR 402,956 ($107,455) in 2021, an increase of SAR 154,035 ($41,076), or 38.2%. This was predominantly due to higher operating cash flows, largely driven by stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by higher cash paid for the settlement of income, zakat and other taxes, and an increase in upstream capital expenditures.



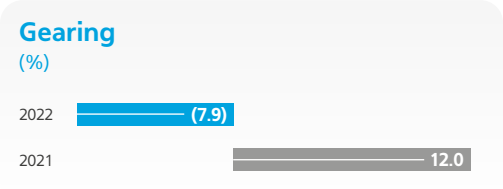
	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Net cash provided by operating activities	**698,152**	522,601	**186,174**	139,360
Capital expenditures	**(141,161)**	(119,645)	**(37,643)**	(31,905)
Free cash flow	**556,991**	402,956	**148,531**	107,455

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Gearing

Gearing is a measure of the degree to which Aramco's operations are financed by debt and reflects available liquidity held in current and non-current investments and cash management instruments. Aramco defines gearing as the ratio of net (cash) / debt (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net (cash) / debt. Management believes that gearing is widely used by analysts and investors in the oil and gas industry to indicate a company's financial health and flexibility.

Aramco's gearing ratio was (7.9)% as at December 31, 2022, compared to 12.0% as at December 31, 2021. The decrease in gearing reflects the impact of net cash position and higher total equity, predominantly driven by stronger earnings as a result of higher crude oil prices and volumes sold, and improved refining margins.



	SAR		USD*	
	As at December 31		As at December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Total borrowings (current and non-current)	**393,144**	510,921	**104,838**	136,246
Cash and cash equivalents	**(226,047)**	(299,579)	**(60,279)**	(79,888)
Short-term investments	**(281,215)**	(27,073)	**(74,991)**	(7,219)
Investments in debt securities (current and non-current)[1]	**(8,565)**	(8,966)	**(2,282)**	(2,391)
Non-current cash investments	**–**	–	**–**	–
Net (cash) / debt	**(122,683)**	175,303	**(32,714)**	46,748
Total equity	**1,666,147**	1,280,668	**444,306**	341,512
Total equity and net (cash) / debt	**1,543,464**	1,455,971	**411,592**	388,260
Gearing[2]	**(7.9)%**	12.0%	**(7.9)%**	12.0%

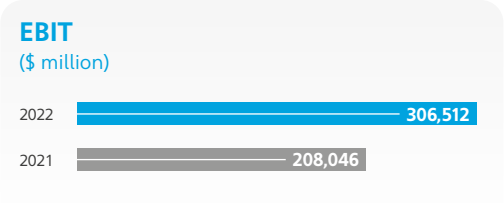
* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

1. As at December 31, 2022, investments in debt securities (current and non-current) are comprised of SAR 906 ($240) and SAR 7,659 ($2,042) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively. As at December 31, 2021, the investments in debt securities (current and non-current) are comprised of SAR 1,515 ($404) and SAR 7,451 ($1,987) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively.
2. Comparative ratios have been amended to reflect Aramco's revised gearing definition. Aramco's gearing ratio based on its previously disclosed definition is 9.1% and 14.2% as at December 31, 2022, and December 31, 2021, respectively.

Earnings before interest, income taxes and zakat (EBIT)

Aramco defines EBIT as net income plus finance costs and income taxes and zakat, less finance income. Aramco believes EBIT provides useful information regarding its financial performance to analysts and investors.

EBIT for 2022 was SAR 1,149,419 ($306,512), compared to SAR 780,174 ($208,046) in 2021. This increase of SAR 369,245 ($98,466), or 47.3%, mainly represents the impact of stronger crude oil prices and volumes sold, and improved refining margins, partially offset by an increase in purchases and production royalties.



	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Net income	**604,005**	412,396	**161,068**	109,972
Finance income	**(12,425)**	(1,405)	**(3,313)**	(375)
Finance costs	**8,882**	12,058	**2,369**	3,215
Income taxes and zakat	**548,957**	357,125	**146,388**	95,234
Earnings before interest, income taxes and zakat	**1,149,419**	780,174	**306,512**	208,046

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Upstream overview

Nasir K. Al-Naimi
Executive Vice President, Upstream

"Upstream's steadfast commitment and outstanding performance has resulted in a record-breaking year. By prioritizing safety, maintaining reliability and committing to expansion, Upstream demonstrated Aramco's role in stabilizing markets while reinforcing our crucial, long-term role in the orderly transition to a net-zero future."

The Upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, natural gas and NGL. Aramco manages the Kingdom's unique reserves and resource base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law, which mandates Aramco's hydrocarbon operations, promotes long-term productivity of the Kingdom's reservoirs and, supports the prudent stewardship of its hydrocarbon resources.

As set out in the Concession, Aramco has the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Aramco and the Government agreeing to the terms of the extension. The provision of a specified term in the Concession impacts the calculation of Aramco's reserves as compared to the Kingdom's reserves in the fields Aramco operates. The Concession also requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports.

As at December 31, 2022, Aramco's reserves under the Concession agreement were 258.8 billion boe (2021: 253.6 billion boe), including 200.8 billion barrels (2021: 196.9 billion barrels) of crude oil and condensate, 25.2 billion barrels (2021: 25.2 billion barrels) of NGL, and 201.9 tscf (2021: 194.5 tscf) of natural gas.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain Maximum Sustainable Capacity (MSC) in excess of its then current production in accordance with the Hydrocarbons Law. MSC was maintained at 12.0 mmbpd for the year ended December 31, 2022. In line with the Government's mandate for MSC to be increased to 13.0 mmbpd, Aramco is proceeding with plans to reach the mandated MSC by 2027. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. It also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels.

Upstream competitive strengths

Unrivaled scale

Unrivaled scale of crude oil and condensate production, and conventional proved reserves.

Long reserves life

Long reserves life and proven track record of low-cost reserves replacement.

In 2022, Aramco maintained its position as one of the world's largest producers of crude oil and condensate with an average total daily hydrocarbon production of 13.6 mmboed (2021: 12.3 mmboed). For the year ended December 31, 2022, approximately 85% (2021: 84%) of the aggregate hydrocarbon production consisted of liquids, which generally command a higher margin.

In 2022, Aramco also maintained its position as one of the lowest-cost producers globally. The average upstream lifting cost was SAR 11.44 ($3.05) per boe produced (2021: SAR 11.40 ($3.04)), while upstream capital expenditures averaged SAR 20.3 ($5.4) (2021: SAR 18.4 ($4.9)) per boe produced. This competitive advantage is a result of the Company's robust fiscal discipline, its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Aramco's reservoirs are located, synergies available from Aramco's use of its large infrastructure and logistics networks, and its scaled application of technology. Given the quality of most of Aramco's reservoirs and its operational model, it is possible to achieve high recovery factors while maintaining relatively low water cut levels for long periods of time.

Key events in 2022

Progressed with the Government's mandate for MSC to be increased from 12.0 mmbpd to 13.0 mmbpd by 2027.

Progressed with the development of the Jafurah unconventional gas field.

Maintained total hydrocarbon reserves under the Concession agreement at 258.8 billion boe.

Maintained low upstream carbon intensity of 10.3 kg of CO_2e/boe.

Maintained its low-cost position with average lifting cost and average capital expenditures of SAR 11.44 ($3.05) and SAR 20.3 ($5.4) per boe produced, respectively.

Outlook for 2023

Aramco will continue its investments in future growth projects, including the MSC expansion to 13.0 mmbpd as well as growing its gas production capacity, to meet future demand growth.

Active management

Unique ability to capture value through exclusive active management of the world's largest conventional hydrocarbons reserves base.

Multiple crude grades

Ability to produce multiple crude grades with access to global delivery points.

Low upstream carbon intensities

Crude oil extraction with one of the lowest average upstream carbon intensities in the industry.

Large upstream capital projects

Ability to execute some of the world's largest upstream capital projects.

Unique operational flexibility

Unique operational flexibility and opportunities to rapidly increase its crude oil production.

High-quality gas reserves

Extensive high-quality gas reserves with exclusive access to the Kingdom's large and growing domestic marketplace.

Low lifting cost

Low lifting cost and capital expenditures per barrel of oil equivalent produced.

Upstream hydrocarbon production

		Year ended December 31		
		2022	2021	**% change**
Total liquids[1]	mbpd	**11,540**	10,359	**11.4%**
Total gas[2]	mmscfd	**10,617**	10,136	**4.7%**
Total hydrocarbon production[3]	mboed	**13,617**	12,343	**10.3%**

1. Total liquids is comprised of crude oil, NGL and condensate.
2. Total gas includes natural gas and ethane.
3. Total hydrocarbon production (mboed) is derived from mmscfd (for natural gas and ethane) by dividing the relevant product production by 5.400 (in the case of natural gas) and 3.330 (in the case of ethane).

Upstream financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021	**% change**
Revenue and other income related to sales (including inter-segment revenue)	**1,573,405**	1,015,437	**419,575**	270,783	**54.9%**
Earnings before interest, income taxes and zakat	**1,092,425**	750,118	**291,313**	200,031	**45.6%**
Capital expenditures – cash basis	**109,789**	88,758	**29,277**	23,669	**23.7%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings before interest, income taxes and zakat (EBIT) for the year ended December 31, 2022, totaled SAR 1,092,425 ($291,313), compared to SAR 750,118 ($200,031) in 2021, an increase of SAR 342,307 ($91,282), or 45.6%. These outstanding results were mainly driven by growth in global energy demand resulting in stronger average realized crude oil prices and reinforced by higher crude oil volumes sold. Such increase in EBIT was partly offset by higher crude oil production royalties.

Capital expenditures in 2022 increased by 23.7%, compared to the year ended December 31, 2021, from SAR 88,758 ($23,669) to SAR 109,789 ($29,277). This increase reflects higher drilling and development activities related to increasing crude oil MSC, and gas projects.

Crude oil

Overview

Aramco actively manages its prolific reserves base to maximize long-term value while optimizing ultimate recovery from its fields. Because of the size, number, and spare capacity of its fields, the Company is able to maintain its level of overall production by tapping into new reservoirs when required to improve long-term value through portfolio capacity optimization. Diversification of supply sources for crude oil from fresh reservoirs has the benefit of allowing lower depletion rates from existing fields and deferring costs for additional wells and facilities to handle higher total fluid displacement rates at such fields.

Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. Aramco believes that its portfolio includes the world's largest discovered conventional onshore oil field (Ghawar) and largest discovered conventional offshore oil field (Safaniyah). The crude oil, condensate, natural gas and NGL that Aramco produces from its fields travel through the extensive network of pipelines to multiple facilities for processing into refined and petrochemical products, or to domestic customers or export terminals. In particular, Aramco's East-West Pipeline is critical in linking oil production facilities in the Eastern Province with Yanbu' on the west coast, and providing flexibility to export from the east and west coasts of the Kingdom.

Aramco owns and operates the Abqaiq facility, which is its largest oil processing facility and the largest crude oil stabilization plant in the world. Aramco also operates four crude export terminals that contribute to its operational flexibility and supply reliability. In addition, Aramco has strategic international delivery points located in Rotterdam (the Netherlands), Sidi Kerir (Egypt), and Okinawa (Japan).

Aramco consistently produces five grades of Arabian crude oil: Arabian Super Light, Arabian Extra Light, Arabian Light, Arabian Medium, and Arabian Heavy. These crude grades and the wide range of blends that can be produced from them are compatible with most global refineries. In 2022, Arabian Super Light, Arabian Extra Light and Arabian Light accounted for approximately 68% (2021: 66%) of Aramco's total crude oil production and were classified as premium grades. In 2022, Aramco's Downstream business was the largest customer of the Upstream crude oil production, utilizing 44% (2021: 43%), while the remainder was sold to international and domestic third-party customers.

Performance and achievements

▲ **Aramco offshore wellhead, Arabian Gulf**

Upstream continues to invest in cutting-edge technologies and digital transformation programs. Aramco successfully deployed the Ghawar-1 supercomputer for reservoir simulation. The supercomputer is the second fastest in the MENA region after Aramco's Dammam-7. It is expected to increase the number of completed simulation runs, enabling the Company to exploit more opportunities from its existing resources.

The Manifa field development project was recognized as the Upstream Project of the Year at the 2022 Middle East Energy Awards. Aramco continues to show its leadership in both operational excellence and environmental protection through its careful development, management, and production of the Manifa field, which includes innovative solutions for protecting the fragile marine ecosystem.

Construction and engineering activities for the Marjan and Berri crude oil increments continue to progress, and are expected to add production capacity of 300 mbpd and 250 mbpd, respectively, by 2025.

Construction activities are continuing on the Dammam development project, which is expected to add 25 mbpd and 50 mbpd of crude oil by 2024 and 2027, respectively.

The Zuluf crude oil increment is in the engineering phase, and is expected to provide a central facility to process a total of 600 mbpd of crude oil from the Zuluf field by 2026. The facility will also be equipped to process associated gas, condensate, and produced water.

Gas and NGL

Overview

Aramco's nonassociated gas fields vary widely in reservoir properties, depths, pressures and compositions. In general, the southern area around the Ghawar field has rich gas at moderate depths and permeability, while the northern offshore fields (Karan, Arabiyah and Hasbah) have leaner gas in deeper reservoirs with high permeability. Additionally, Aramco's crude oil production provides a base load of associated gas, which is rich in liquids.

Aramco's primary natural gas processing and fractionation facilities are located in Ghawar and the northern and western areas of the Kingdom. The Company's facilities are strategically located near its fields to reduce transportation and pipeline compression costs, as well as the time required to deliver gas products to market. As at December 31, 2022, the total conventional and unconventional raw gas processing capacity was 18.3 bscfd (2021: 18.3 bscfd), which primarily feeds into the Master Gas System (MGS), an extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

Pursuant to the Concession, Aramco is the exclusive supplier of natural gas in the Kingdom. Aramco sells natural gas to power generation plants primarily pursuant to long-term contracts and to customers in the Kingdom's industrial sector. The supply of natural gas to domestic customers is regulated by the Law of Gas Supplies and Pricing (which is replaced by the Energy Supplies Law that became effective on March 7, 2023), and the prices paid by domestic customers are set by resolutions issued from time to time by the Council of Ministers. Aramco also exports a portion of its NGL production.

In 2022, Aramco's average gas production was approximately 10.6 bscfd (2021: 10.1 bscfd) including both natural gas and ethane. The Company also achieved a historic single-day production record of 11.3 bscfd of natural gas.

Aramco continued to progress a number of major gas projects within the Kingdom to meet growing domestic demand.

Performance and achievements

▲ **Hawiyah Gas Compression Plant, Saudi Arabia**

The compression projects at the Haradh and Hawiyah fields have commenced commissioning activities and are expected to achieve full capacity in 2023.

The Hawiyah Gas Plant expansion, part of the Haradh gas increment program, has started commissioning activities and is expected to be onstream in 2023.

Construction at the Hawiyah Unayzah Gas Reservoir Storage is at an advanced stage and has commenced injection activities. It is the first underground natural gas storage project in the Kingdom and will enable surplus natural gas to be injected into the reservoir during off-peak periods. The program is designed to provide up to 2.0 bscfd of natural gas for reintroduction into the Kingdom's MGS by 2024.

Construction continues at the Tanajib Gas Plant, part of the Marjan development program. Once completed, the project will add 2.6 bscfd of additional processing capacity from Marjan, Safaniyah and Zuluf fields. The project is expected to be onstream by 2025.

Aramco progressed with design and initial construction activities of the Jafurah Gas Plant, part of the development of the Jafurah unconventional gas field that is expected to expand gas production and is a key component of Aramco's unconventional gas program. The facility will be developed in two phases and is expected to have a raw gas processing capacity of 3.1 bscfd upon completion in 2027. The Jafurah field is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a sustainable rate of 2.0 bscfd by 2030, which is expected to provide feedstock for hydrogen and ammonia production and will help meet expected growing local energy demand.

Exploration

Overview

Through Aramco's exploration program, the Company continued its efforts to achieve the strategic objectives and associated targets of growing the Kingdom's oil and nonassociated gas initially in place endowments. Aramco has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. As a result, the Kingdom's estimated proved reserves at the largest oil fields operated by Aramco have increased since the time of original production. Aramco's exploration program is aligned with strategic value drivers to maximize profitability and lower future finding and development costs through exploring for high-value premium crude and accelerating infrastructure-led gas exploration and delineation programs.

Crude oil

The majority of Aramco's current crude oil exploration activities are focused in the Eastern Province, with smaller scale of exploration activities in known hydrocarbon-bearing basins in the Rub' al-Khali, Northwest, and Summan regions. Aramco places a strong emphasis on improving the operational performance of its drilling activities by applying innovative technologies and benchmarking of key metrics to identify trends and potential areas for enhancement. Aramco believes that its approach to drilling and development has led to high levels of well integrity.

Natural gas

Aramco's nonassociated gas exploration activities have yielded a number of major discoveries, with particular success in the Ghawar area and in deep reservoirs in the Arabian Gulf. Aramco has enjoyed high success rates in locating new reserves in known hydrocarbon-bearing basins adjacent to its existing fields and production infrastructure, allowing it to meet growing domestic demand at low cost, while also exploring in new basins with high potential. Aramco is looking to further expand its natural gas reserves through new field discoveries, new reservoir additions in existing fields, and the delineation and reassessment of existing reservoirs and fields.

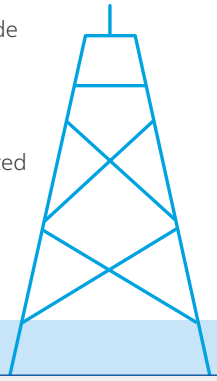
Unconventional resources

Aramco, through its unconventional resource program, is assessing several areas within the Kingdom for their potential to deliver gas and associated liquids to help meet future domestic energy needs. The unconventional resource program consists of exploration activities, pilots, producing wells and production facilities, with the objective of developing unconventional gas resources in support of the Kingdom's growing demand for gas, and to offset the use of crude oil for power generation.

Strategy in action

Upstream preeminence

Aramco plans to expand its gas business to provide feedstock for hydrogen and ammonia production, and help meet expected growing local energy demand.



Jafurah gas basin drilling commences

200 tscf
unconventional gas

Performance and achievements

▲ **Reservoir modeling, Dhahran, Saudi Arabia**

Aramco's exploration activities resulted in the discovery of two unconventional gas fields in the Kingdom's eastern region.

Downstream overview

Mohammed Y. Al Qahtani
Executive Vice President, Downstream

"Aramco's unwavering focus on operational excellence, reliability and safety paved the way for record-breaking Downstream profitability in 2022, capturing improved refining margins. Delivering on our Downstream transformation program, and the successful execution of strategic acquisitions, has further enhanced Aramco's position as a leader in the global downstream sector."

Aramco has a large and growing, strategically integrated global Downstream business. The Downstream segment's activities consist of refining and petrochemicals, base oils and lubricants, retail operations, distribution, supply and trading, and power generation. These activities support Aramco's Upstream and Downstream operations by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals, and access to shipping and logistics resources.

The strategic integration of Aramco's Upstream and Downstream segments provides opportunities for Aramco to secure and de-risk liquids demand and capture incremental value from the hydrocarbon supply chain by selling to its dedicated system of domestic and international refineries and petrochemical plants. In addition, the integration of Aramco's refining and chemicals manufacturing assets provides an opportunity to capture additional value and continue to improve the balance of fuels and chemicals production. In 2022, the crude oil utilized by Aramco's downstream operations accounted for 44% (2021: 43%) of the Company's crude oil production.

Aramco's downstream investments diversify its revenue and integrate its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and facilitating the placement of its crude oil. Aramco's net refining capacity was 4.1 mmbpd at December 31, 2022, (2021: 4.0 mmbpd), while the gross refining capacity at December 31, 2022 was 7.1 mmbpd (2021: 6.8 mmbpd).

Aramco also has an integrated petrochemicals business within its Downstream segment, which captures additional incremental value. Aramco's chemicals business spans production of basic chemicals, such as aromatics, olefins and polyolefins, to more complex products, such as polyols, isocyanates, and synthetic rubber.

In June 2020, SABIC, a globally diversified chemicals company with manufacturing in the Americas, Europe, Middle East, and Asia Pacific, became an integral member of the Aramco group. Aramco's majority interest in SABIC increases the proportion of petrochemicals production in Aramco's Downstream portfolio and supports its downstream growth ambitions. The chemicals business continues to grow through capacity expansions and new investments, and operates in over 50 countries with a net chemicals production capacity[1] of 56.3 million tons per year as at December 31, 2022, (2021: 54.2 million tons per year).

Downstream competitive strengths

Captive downstream system

Ability to monetize upstream production into a high-quality external customer base and through a captive downstream system.

Reliable supplier

Strong track record of supply reliability.

1. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.

The Downstream segment began to implement a transformation program in 2021, seeking to realize incremental value from its portfolio through yield enhancements, stream integration and cost reductions. In support of this effort, a new Downstream operating model has been implemented, creating a more agile business. The ongoing transformation program has delivered estimated incremental EBIT of over SAR 7.5 billion ($2.0 billion) in 2022.

Outlook for 2023

Aramco's Downstream segment will continue to integrate across the value chain with investments throughout its operations as it seeks to create additional value while diversifying the portfolio and mitigating the volatility of earnings.

To continue creating value, the Downstream segment aims to increase refining capacity, grow liquids-to-chemicals production, expand trading activities, and leverage the Downstream transformation program to further enhance its earning potential.

Key events in 2022

Successfully completed three landmark transactions with Polish refiner and fuel retailer PKN ORLEN, to grow its integrated refining and petrochemicals capacity.

Announced a partnership with the Aston Martin Cognizant Formula One™ Team to harness the shared commitment to engineering excellence and innovation.

Announced its final investment decision to participate in the development of a major integrated refinery and petrochemical complex in northeast China.

Signed an equity purchase agreement to acquire Valvoline Inc.'s global products business (Valvoline Global Products) for SAR 9.9 billion ($2.65 billion) that closed in March 2023.

SASREF and SABIC Agri-Nutrients received the world's first independent certifications for production of blue ammonia and hydrogen.

Aramco, in collaboration with SABIC Agri-Nutrients, has completed the world's first commercial shipment of certified blue ammonia to South Korea.

Aramco and SATORP obtained the International Sustainability & Carbon Certification Plus (ISCC+) credential for their joint waste plastic recycling initiative.

Saudi Aramco Base Oil Company, known as Luberef and a non-wholly-owned subsidiary of Aramco, listed its shares on the Saudi Exchange.

The Power and Water Utility Company for Jubail and Yanbu, known as Marafiq and an associate of Aramco, listed its shares on the Saudi Exchange.

Aramco and its affiliate, S-OIL, made a final investment decision to develop one of the world's largest refinery-integrated petrochemical steam crackers.

Aramco and TotalEnergies made a final investment decision for the construction of a large petrochemical complex in Saudi Arabia.

Maintained Aramco's strong reputation for dependable operations with 99.9%[1] reliability.

1. Applies to Saudi Arabian Oil Company (the Company).

Major integrated refiner

Major integrated refiner with a global network of reliable assets in key regional markets and hubs.

Large global refining & petrochemical portfolio

Scale advantage with one of the largest refining and petrochemicals portfolios globally.

World-class partners

World-class partners that provide access to additional geographies, technological expertise, operational know-how, and marketing capabilities.

Integrated trading

Integrated trading activities enable it to optimize the supply of its products to maximize returns.

Large downstream capital projects

Ability to execute some of the world's largest downstream capital projects.

Downstream financial results

All amounts in millions unless otherwise stated	SAR Year ended December 31 2022	SAR Year ended December 31 2021	USD* Year ended December 31 2022	USD* Year ended December 31 2021	% change
Revenue and other income related to sales (including inter-segment revenue)	**1,199,714**	823,028	**319,924**	219,474	**45.8%**
Earnings before interest, income taxes and zakat	**79,292**	62,190	**21,145**	16,584	**27.5%**
Capital expenditures – cash basis	**29,541**	28,724	**7,878**	7,660	**2.8%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings before interest, income taxes and zakat (EBIT) for the year ended December 31, 2022, was SAR 79,292 ($21,145), compared to SAR 62,190 ($16,584) in 2021. These robust earnings reflect higher trading and improved refining margins, partially offset by lower chemicals margins.

Capital expenditures for 2022 were SAR 29,541 ($7,878), in line with expenditures of SAR 28,724 ($7,660) in 2021.

Refining

Overview

Aramco operates one of the world's largest refining businesses, with gross refining capacity of 7.1 mmbpd as at December 31, 2022, (December 31, 2021: 6.8 mmbpd), and net refining capacity of 4.1 mmbpd (December 31, 2021: 4.0 mmbpd). Aramco's refining operations are conducted in the Kingdom and internationally through wholly-owned and affiliated refineries. The refining operations allow Aramco to transform its crude oil and NGL into refined products for sale within the Kingdom and internationally.

Specifically, Aramco designs and configures its refining system to optimize production using the crude oil it produces. This helps reduce supply chain cost and improves efficiency in refining operations, and therefore the supply of refined products to its downstream customers.

Domestic refining

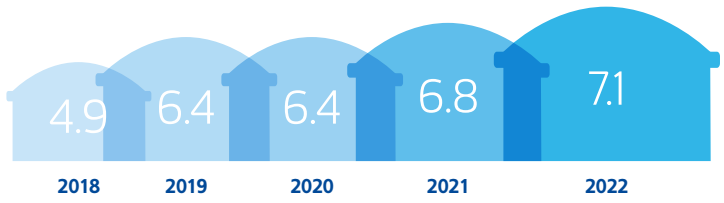
Aramco's in-Kingdom refineries, both wholly-owned and affiliated, receive their crude oil supply from Aramco's upstream production. These refineries accounted for 63% of Aramco's net refining capacity in 2022 (December 31, 2021: 64%). Together with the local distribution system, this provides Aramco unique access to the large domestic marketplace to which it is the sole supplier.

Strategy in action

Downstream integration

Expanding placement of Aramco's crude oil in its downstream operations allows it to capture additional value, expand its sources of earnings, and provide resiliency to oil price volatility.

Gross refining capacity (mmbpd)



In 2022, Aramco placed 26% (2021: 27%) of its crude oil production to in-Kingdom wholly-owned and affiliated refineries. Aramco's equity share of refined products and the refined products produced through its wholly-owned refineries located within the Kingdom are primarily distributed wholesale to domestic fuel retailers and industrial customers through Aramco's pipelines, distribution and terminals system.

Aramco has five wholly-owned and four domestic affiliated refineries in the Kingdom, which help to meet domestic refined product demand. Through long-term supply agreements with these ventures, Aramco has the right to supply all crude processed at these refineries.

Refining continued

International refining
In addition to increasing its in-Kingdom refining capability, Aramco seeks to expand its strategically integrated Downstream business in high-growth economies such as China, India, and Southeast Asia, while maintaining its current participation in material demand centers, such as the United States and Europe, and countries that rely on importing crude oil, such as Japan and South Korea.

Aramco has invested in two refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem. These assets are located in Johor, Malaysia, adjacent to Singapore, Asia's refined products trading hub. Aramco will provide a significant proportion of PRefChem's crude supply under a long-term supply agreement. Aramco believes this presents an expansion opportunity in Southeast Asia and opens up new markets for its crude oil production.

In 2022, Aramco's weighted average ownership percentage in its international refineries was 41% (2021: 41%), but it supplied an average of 56% (2021: 54%) of the crude oil used by those refineries. This crude placement provides significant benefits to Aramco's operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined products to its downstream customers.

The net refining capacity of Aramco's international wholly-owned and affiliated refineries was 1.5 mmbpd (2021: 1.5 mmbpd). Product sales by Aramco's international ventures are facilitated through multiple distribution channels, including systems owned by the respective affiliates through a network of approximately 17,000 branded service stations.

Performance and achievements

▲ **Gdańsk Refinery, Poland**

Aramco completed three landmark transactions with Polish refiner and fuel retailer PKN ORLEN to expand Aramco's presence in the European downstream sector and increase its crude exports to Poland through investments in Poland's refining, wholesale, and jet fuel marketing segments for total consideration of SAR 1.8 billion ($0.5 billion). Aramco has acquired equity stakes of 30% in a 210 mbpd refinery, 100% in an associated wholesale business, and 50% in a jet fuel marketing joint venture.

Aramco announced its final investment decision to participate in the development of a major integrated refinery and petrochemical complex in northeast China. The Huajin Aramco Petrochemical Company (HAPCO) joint venture, comprised of Aramco, North Huajin Chemical Industries Group Corporation, and Panjin Xincheng Industrial Group, will develop a liquids-to-chemicals complex including a 300 mbpd refinery and petrochemical units. This presents an opportunity for Aramco to supply up to 210 mbpd of crude oil feedstock to the complex. The transaction is subject to finalization of transaction documentation, regulatory approvals, and closing conditions.

Aramco's Malaysia-based investment in refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem, has successfully restarted operations in May 2022, and is ramping up gradually with a continued focus on safety and sustainability. Aramco's investment in PRefChem provides an expansion opportunity in an important high-growth market and offers new geographies for placing its crude oil production.

Chemicals

Overview

Aramco's chemicals business represents an extension of the hydrocarbon value chain and strategically complements its refining operations. Aramco's chemicals business, including its interest in SABIC, operates in over 50 countries and produces a range of chemicals. Aramco's growing operations in chemicals include participation in high-growth chemicals markets with demand from industries such as packaging, automotive, and appliances.

Following the acquisition of SABIC, Aramco is a major global producer of petrochemicals with manufacturing in the Americas, Europe, Middle East, and Asia Pacific. The acquisition also expands Aramco's capabilities in procurement, manufacturing, marketing and sales. SABIC is an industry leader in multiple chemical segments, and produces a wide range of products, including olefins, methanol, MTBE, aromatics, glycols, linear alpha olefins, polyethylene, polypropylene, polyethylene terephthalate, polyvinyl chloride, polystyrene, polycarbonate, and engineering thermoplastics and their blends.

Since the acquisition of SABIC, Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimization, stream integration, operations, and maintenance. Aramco estimates that it has generated incremental EBITDA synergies of approximately SAR 8.1 billion ($2.15 billion) and is targeting the capture of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to 4.0 billion) in annual recurring EBITDA synergies by 2025.

Aramco also conducts petrochemical manufacturing through affiliates located in the Kingdom, China, Japan, South Korea, Malaysia, the United States, and the Netherlands, with other key industry players, including Dow (Sadara), Sumitomo (Petro Rabigh), TotalEnergies (SATORP), PETRONAS (PRefChem), and Sinopec (YASREF and FREP). Through these affiliates and joint ventures, Aramco produces a wide range of commodity and differentiated petrochemicals.

Aramco's chemicals business continues to grow through capacity expansion and new investments. Including SABIC, Aramco had a net chemicals production capacity[1] of 56.3 million tons per year as at December 31, 2022, (2021: 54.2 million tons per year).

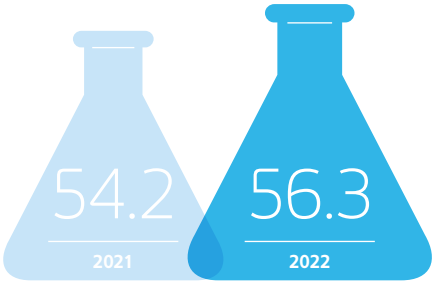
1. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.

Strategy in action

Downstream integration

Changing patterns of demand, including forecasted growth in chemicals, is driving Aramco's decision to favor investments in facilities with high liquids-to-chemicals conversion rates.

Net chemicals production capacity[1] (million tons per year)



Performance and achievements

Marking yet another significant step in SABIC establishing itself as the primary chemicals arm and an integral member of the Aramco group, Aramco completed the transfer of its PRefChem polymers and mono-ethylene glycol offtake rights to SABIC.

Aramco and SATORP have obtained the ISCC+ credential for their joint waste plastic recycling initiative. The two entities join SABIC in holding this certification, a global standard for recycled and bio-based materials. The initiative aims to establish the first petrochemical circular value chain in the Kingdom to produce polymers from plastic waste, reducing the impact of single-use plastic on the environment.

SASREF and SABIC Agri-Nutrients received the world's first independent certifications for production of blue ammonia and hydrogen. The certifications, granted by a leading independent agency, verify that a significant amount of the CO_2 associated with the manufacturing process of blue ammonia and hydrogen has been captured and utilized in downstream applications instead of emitted. Aramco, in collaboration with SABIC Agri-Nutrients, has completed the world's first commercial shipment of certified blue ammonia to South Korea.

Aramco and TotalEnergies have made a final investment decision for the construction of a large petrochemical complex in Saudi Arabia. The complex, known as Amiral, will be owned, operated, and integrated with the existing SATORP refinery located in Jubail, Saudi Arabia. The petrochemical complex will enable SATORP to help advance Aramco's liquids-to-chemicals strategy. The investment decision is subject to customary closing conditions and approvals.

Aramco and its affiliate, S-OIL, have made a final investment decision to develop one of the world's largest refinery-integrated petrochemical steam crackers in line with the Company's strategy to maximize the crude-to-chemicals value chain. The SAR 26.3 billion ($7.0 billion) Shaheen project will be located at S-OIL's existing site in Ulsan, South Korea, with a planned capacity to produce up to 3.2 million tons of petrochemicals annually.

Base oils and lubricants

Overview

In keeping with Aramco's strategy to capture incremental value across the hydrocarbon chain, Aramco's growing presence in the Kingdom's domestic lubricants market offers consumers a new line of lubricant products. These products are engineered to the highest of standards that meet the latest lubricant specifications required by original equipment manufacturers.

Aramco's three major producers and marketers of base oils, Luberef, Motiva and S-OIL, continue to deliver high-quality and technically differentiated products to its global customer base. Aramco markets its base oil products using the official Aramco brands: aramcoDURA® (Group I), aramcoPRIMA® (Group II), and aramcoULTRA® (Group III).

Performance and achievements

▲ **Valvoline research and development, United States**

Aramco signed an equity purchase agreement to acquire Valvoline Inc.'s global products business (Valvoline Global Products) for SAR 9.9 billion ($2.65 billion). This strategic acquisition is expected to complement Aramco's line of premium-branded lubricant products, optimize its global base oils production capabilities, and expand Aramco's own R&D activities and partnerships with original equipment manufacturers. The transaction closed in March 2023.

In December 2022, Saudi Aramco Base Oil Company, known as Luberef and a non-wholly-owned subsidiary, successfully executed its IPO of 29.7% of its shares and the listing of its shares on the Saudi Exchange. Luberef is among the largest base oil producers in the Kingdom, and Aramco continues to own 70.0% of Luberef following the IPO.

Aramco announced a partnership with the Aston Martin Cognizant Formula One™ Team to harness the shared commitment to engineering excellence and innovation. Through the partnership, Aramco aims to drive development of high performance more sustainable fuels and advanced lubricants, grow awareness of its high-quality products, and support its ambition to supply premium fuels and lubricants to the global automotive sector.

In 2022, Aramco sold 4.6 million tons (2021: 4.5 million tons) of base oils, maintaining its position as one of the leading marketers of base oils globally.

Retail operations

Overview

Aramco has developed a retail strategy that focuses on establishing its own brand presence in the Kingdom as part of its long-term goal to be a primary global retail player. This includes offering consumers a new line of automotive services, coupled with branded finished lubricant products, as part of its commitment to diversify its Downstream portfolio.

Performance and achievements

▲ **Khobar, Saudi Arabia**

Aramco and TotalEnergies continue to grow their joint network of retail service stations throughout the Kingdom. This follows the signing of a joint venture agreement between Aramco and TotalEnergies in 2019, with plans to significantly upgrade a network of more than 200 service stations and expand the range of quality retail services available across the Kingdom. This network will comprise Aramco and TotalEnergies-branded stations, providing motorists with premium fuels and retail services.

Aramco has continued to grow its fuel retail presence through its affiliates, with approximately 17,000 service stations worldwide with more than 5,200 located in the United States, more than 5,300 in China and South Korea, more than 6,100 in Japan, and more than 200 in Saudi Arabia.

Pipelines, distributions and terminals

Overview

Aramco's Kingdom-wide distribution network includes pipelines, bulk plants, air refueling sites, and terminals that deliver crude oil, NGL, natural gas, and refined products. The pipelines and bulk plants network, and the terminals on the east and west coast, enable the transportation of hydrocarbons for export and for delivery to customers across the Kingdom. Further, Aramco's East-West Pipeline links oil production facilities in the Eastern Province with Yanbu' on the west coast, providing flexibility to export from the east and west coasts of the Kingdom.

Aramco's MGS, an extensive network of pipelines that connects its key gas production and processing sites with customers throughout the Kingdom, is currently undergoing an expansion. The system's current capacity is 9.6 bscfd of natural gas and supplies eastern, central, and western industrial complexes. The MGS Expansion Phase II will increase overall gas supply capacity from 9.6 bscfd to 12.5 bscfd to accommodate the increase in the Kingdom's natural gas demand, including expansion of the East-West MGS to ultimately deliver 5.2 bscfd to the central and western regions to support future utility and industrial development.

In addition, Aramco has a 15% equity interest in the Arab Petroleum Pipeline Company (Sumed Company), a joint venture which operates the Sumed pipeline. The pipeline runs from the Red Sea to the Mediterranean Sea through Egypt and provides an alternative to the Suez Canal.

Performance and achievements

▲ **Yanbu South Terminal, Saudi Arabia**

In February 2022, the Company completed a SAR 58.1 billion ($15.5 billion) energy infrastructure deal with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company to sell a 49% interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC). Aramco will continue to retain full legal ownership and operational control of its gas pipelines network, and the transaction does not impose any restrictions on Aramco's gas production volumes. This transaction represents significant progress in Aramco's asset optimization program, unlocks additional value from its diverse asset base, and underscores Aramco's commitment to long-term value creation.

In 2022, the operational resilience of the Company's infrastructure was demonstrated with hydrocarbons continuing to be delivered to customers safely and on time. The well-established emergency response systems and contingency plans aim to prepare the Company to respond effectively to potential incidents.

Supply and trading

Overview

Aramco manages crude oil sales operations, along with a large and growing portfolio of refining and chemicals facilities in Asia, Europe, and North America. As part of its strategy to unlock additional value, Aramco is expanding its crude oil, refined products and chemicals trading to significantly grow total traded volumes over the next few years.

Aramco is pursuing a globally integrated business model to capture additional value through greater market access and coverage as it seeks to grow its worldwide trading activities.

Aramco's trading activities are conducted primarily through Aramco Trading Company (ATC) and its subsidiaries. In addition to its expanding trading activities in crude oil, refined products and chemicals, Aramco sees the potential to grow its trading activities and has progressed a number of initiatives to offer products with a lower-carbon footprint including the trading of biofuels. In 2022, ATC concluded its first biofuel transaction after obtaining the ISCC certification to trade products with a lower-carbon footprint.

Aramco is well positioned to use its production and distribution network to optimize its supply and trading capabilities. By optimizing the production, refining and distribution processes and integrating them with its trading business, Aramco seeks to ensure that customers receive reliable service and consistent products. In addition, there is the potential to optimize product flows on a domestic and international basis across regional and global supply chains to maximize value.

These operations support Aramco's upstream and downstream activities by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals, and access to shipping and logistics resources. Aramco also maintains flexibility to respond to fluctuations in demand through its five crude grades and MSC.

Strategy in action

Downstream integration

Aramco seeks to maintain its position as one of the world's most reliable crude oil suppliers.

Reliability

2019	2020	2021	2022
99.2%	99.9%	99.9%	99.9%

Performance and achievements

Aramco advanced its strategy to expand and integrate its global trading operations by agreeing to an internal reorganization of its U.S. trading business, which closed on January 3, 2023. ATC, through its subsidiaries, acquired Motiva's U.S. trading business, which provides ATC with the platform to supply Motiva with crude oil and feedstocks and to offtake and trade refined products and chemicals generated by Motiva. The acquisition will provide ATC with access to incremental volumes and markets that are expected to strengthen its trading capabilities.

In 2022, Aramco traded an average of 6.7 mmbpd (2021: 5.7 mmbpd) of crude oil and refined petroleum products, and 2.7 million tons of liquid chemical products (2021: 2.4 million tons). In 2022, Aramco's total crude oil exports averaged 7.1 mmbpd (2021: 6.3 mmbpd).

The Company continued to demonstrate its strong operational flexibility and supply reliability by delivering crude and other products in a timely manner with 99.9% reliability in 2022 (2021: 99.9%).

Power

Overview

As at December 31, 2022, Aramco's power operations comprised 17 captive power plants (2021: 17) and associated transmission and distribution assets located across the Kingdom. These assets are primarily designed to provide electricity and steam to Aramco's oil and gas production facilities, gas processing plants and wholly-owned refineries in a safe, reliable and efficient manner. Some of these power assets are wholly-owned while others are owned by joint ventures in which Aramco has an ownership interest. Aramco also enters into offtake arrangements with independent power producers.

In addition, Aramco currently owns a 6.9% stake in the Saudi Electricity Company (SEC), the Kingdom's national electricity utility company, and an effective 29.8% (2021: 42.2%) stake in Marafiq, a domestic utility company that serves the industrial areas of Jubail and Yanbu'.

The Company also remains committed to the global energy transition and views renewable energy as a complement to its own energy products, supported by vast solar and wind resources in-Kingdom.

Performance and achievements

▲ **Abqaiq Plants, Saudi Arabia**

In 2022, Aramco generated 4.8 GW (2021: 5.2 GW) of power, of which 3.5 GW (2021: 3.3 GW) were used to meet internal demand, and 1.3 GW (2021: 1.3 GW) of spill power was transferred to the national grid. In 2021, the Fadhili Power Plant joint venture supplied 0.6 GW to SEC.

In November 2022, The Power and Water Utility Company for Jubail and Yanbu (Marafiq), an associate of Aramco, successfully executed its IPO of 29.2% of its shares and the listing of its shares on the Saudi Exchange. The IPO was comprised of shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following completion of the IPO, the effective equity ownership of Aramco's subsidiaries in Marafiq was reduced from 42.2% to 29.8%.

Corporate overview

Aramco's corporate activities primarily support the activities of its Upstream and Downstream segments, as well as the overall business. The corporate activities include technical services that are essential to the success of Aramco's core business, as well as human resources, finance, legal, corporate affairs, and information technology.

Aramco's integrated corporate development organization is mandated to maximize value creation by efficiently executing portfolio optimization and growth opportunities in line with corporate strategies. This would enable the Company to unlock the value of its assets and redeploy capital toward opportunities with growth prospects and attractive returns.

Performance and achievements

As part of its portfolio optimization efforts, in February 2022 the Company completed a SAR 58.1 billion ($15.5 billion) energy infrastructure deal with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company to sell a 49% interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC). As part of the transaction, AGPC leased usage rights in Aramco's gas pipelines network and leased them back to Aramco for a 20-year period. In return, AGPC will receive a tariff payable by Aramco for specified gas products that flow through the pipelines network. Aramco will continue to retain full legal ownership and operational control of its gas pipelines network and the transaction does not impose any restrictions on Aramco's gas production volumes.

Ensuring optionality through diversified funding sources is an important component of Aramco's financial strategy. As part of Aramco's focus on optimizing funding costs, in April 2022 Aramco signed a five-year agreement for SAR 37.5 billion ($10.0 billion) of certain revolving credit facilities.

These transactions demonstrate investor confidence in Aramco's long-term outlook, while reinforcing Aramco's role as a catalyst for attracting significant foreign institutional investors into the Kingdom.

Aramco's corporate development activities also seek to build a world-class local supply chain to serve the needs of the Company and its partners. Under Aramco's National Champions program, which encompasses a set of unique initiatives to drive in-Kingdom business development, the Company seeks to facilitate the creation of a diverse, sustainable, and globally competitive in-Kingdom energy sector. This includes the iktva, Namaat, and Taleed initiatives, which together support in-Kingdom economic growth, innovation, job creation, and small- and medium-enterprise (SME) development.

In 2022, Aramco entered into over 90 agreements under iktva with an estimated value of SAR 64.9 billion ($17.3 billion) to build long-term collaborative relationships with strategic local suppliers. In January 2023, Aramco signed over 100 agreements and Memoranda of Understanding (MoU) to help advance a diverse, sustainable, and globally competitive industrial ecosystem.

Additionally, the Company launched the Taleed program in October 2022, which strives to accelerate SME growth across multiple sectors. Thirty MoUs have been signed with leading public and private partners to enable development of the SME ecosystem.

▶ Procurement & Supply Chain Control Tower, Dhahran, Saudi Arabia

Corporate financial results

All amounts in millions unless otherwise stated	SAR Year ended December 31 2022	SAR Year ended December 31 2021	USD* Year ended December 31 2022	USD* Year ended December 31 2021	% change
Earnings (losses) before interest, income taxes and zakat	**(19,667)**	(13,533)	**(5,245)**	(3,609)	**45.3%**
Capital expenditures – cash basis	**1,831**	2,163	**488**	577	**(15.3)%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings (losses) before interest, income taxes and zakat (EBIT) are principally driven by the cost of the corporate organization, the affiliates recognized under the corporate segment, and the corporate outreach and citizenship activities. The increase in losses in 2022 was mainly attributable to the unfavorable impact of higher discount rates on employee home loans, and loss on investments in equity securities.

Corporate capital expenditures decreased during the year due to completion of certain community development projects and lower expenditures related to various industrial support projects.